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December 4, 2006

**VIA EFILING and HAND DELIVERY**

Mr. Charles L.A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210

Re: Status Notification to Commission In Accordance with Commission  
Order No. 2006-662  
In Re: **Docket No.: 2005-224-C and 1999-515-C** (Flatel, Inc. d/b/a  
Telephone USA f/k/a Florida Telephone Company)

Dear Mr. Terreni:

Please allow this correspondence to serve as the Response of the South Carolina Office of Regulatory Staff ("ORS") as required under Commission Order No. 2006-662. In that Order, the Commission requested a report from the ORS at the end of thirty days from November 3, 2006 notifying the Commission with regard to the Company's compliance with Commission rules and regulations and the request made by the ORS in Docket Nos. 2005-224-C and 1999-515-C that the Commission deny Flatel's request for reinstatement of its certificate of PC&N.

In response to the Commission Order in this matter, Flatel has shown an effort to comply with the PSC Order and ORS requests by filing a number of documents with the ORS, PSC and other State Agencies. Flatel has filed an Annual Report for the calendar year ending December 31, 2005 and a Gross Receipts Report for the twelve month period ending June 30, 2006. The Gross Receipts Report indicated intrastate gross receipts of \$0.00. Flatel's South Carolina State USF Fund worksheet, however, claims South Carolina Intrastate revenues of \$287,001.51 for the period ending December 31, 2005. It seems unusual these revenues ceased effective July 1, 2005 or earlier, as indicated by the two reports, without the ORS being made aware that Flatel had suddenly ceased doing business in South Carolina. Additionally, although Flatel has provided copies to the ORS and PSC of its application for reinstatement with the South Carolina Secretary of State's Office, this Agency is still reporting Flatel as a dissolved out-of-status corporation.

To date, ORS still lacks accurate Flatel financial data and reports sufficient to allow the ORS to determine whether the company is in full compliance with the PSC's rules and regulations.

In addition to the outstanding issue with the Secretary of State's Office, Flatel has still failed to comply with PSC regulations and Order No. 2006-662 in failing to provide the ORS and PSC with any records or information to clarify its annual gross receipts earned in South Carolina for 2004 or its Universal Service Fund worksheet for 2004. Further, as shown above, the reporting which has been received appears to be inconsistent and requires explanation by the company. The bottom line is that the ORS cannot determine based on the documents which have been filed if Flatel has continually provided service in South Carolina and, if so, what its revenues were for that period and what, if any, additional taxes, fees, or contributions it owes to the State.

Based on Flatel's actions over the past thirty days in at least partially complying with the Commission's Order, the ORS requests an additional thirty days extension of time provided in Order No. 2006-662 to allow Flatel to fully and completely comply with the provisions and requirements of that Order. If at the end of such period Flatel has still failed or refused to provide the ORS and PSC with the requested information, the ORS recommends that Flatel be denied its petition for reinstatement.

Thank you for your consideration in this matter. If you have any questions, please do not hesitate to call me.

Sincerely,

/s/ Jeffrey M. Nelson

Jeffrey M. Nelson

cc: Mr. Abby Matari